

Golf Courses
Fiscal Year 2013-14 Proposed Budget

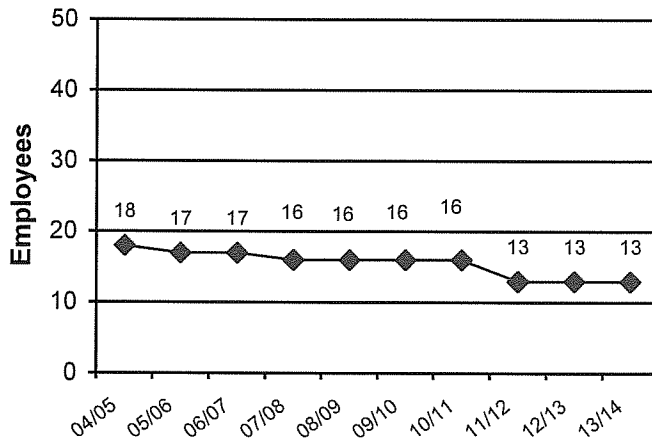
Fund Center 427

MISSION STATEMENT

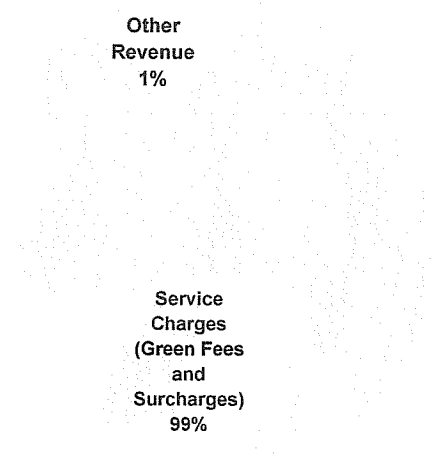
Golf Courses, a division of the San Luis Obispo County Parks, operates and maintains three 18-hole championship golf courses to enhance opportunities for recreation and personal enrichment of the County's residents and visitors.

	2011-12	2012-13	2013-14	2013-14
OPERATING DETAIL	ACTUAL	ESTIMATED	PROPOSED	RECOMMENDED
(1)	(2)	(3)	(4)	(5)
OPERATING REVENUES				
Charges for Services	2,675,245	2,546,179	2,612,899	2,612,899
TOTAL OPERATING REVENUES	2,675,245	2,546,179	2,612,899	2,612,899
OPERATING EXPENSES				
Salaries and Benefits	1,175,574	1,188,652	1,272,557	1,272,557
Services and Supplies	938,120	784,257	806,636	806,636
Countywide Overhead	91,082	158,157	0	0
Depreciation	378,557	366,802	372,000	372,000
TOTAL OPERATING EXPENSES	2,583,333	2,497,868	2,451,193	2,451,193
OPERATING INCOME (LOSS)	91,912	48,311	161,706	161,706
NON-OPERATING REVENUES (EXPENSES)				
Aid from Gov Agencies	5,152	0	0	0
Interest	4,183	540	540	540
Other	16,335	2,109	22,500	22,500
Transfer in fm GF for Equip	0	0	0	0
Interest Expense	0	0	0	0
Transfer to DSF-Interest	(296,451)	(276,224)	(207,424)	(207,424)
Transfer to DSF-Principal	0	0	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	(270,781)	(273,575)	(184,384)	(184,384)
INCOME BEF. CAPITAL CONTRBS. & TRANSFERS	(178,869)	(225,264)	(22,678)	(22,678)
Operating Transfer In	46,296	0	0	0
Transfers in (out)	(33,019)	0	0	0
CHANGE IN NET ASSETS	(165,592)	(225,264)	(22,678)	(22,678)
Net Assets - beginning	6,737,177	6,301,584	5,816,319	5,816,319
Net Assets - ending	6,571,585	6,076,319	5,466,055	5,466,055
FIXED ASSET EXPENDITURES				
Equipment	0	10,000	50,000	50,000
Structures, Improvements	0	0	0	0
TOTAL FIXED ASSET EXPENDITURES	0	10,000	50,000	50,000

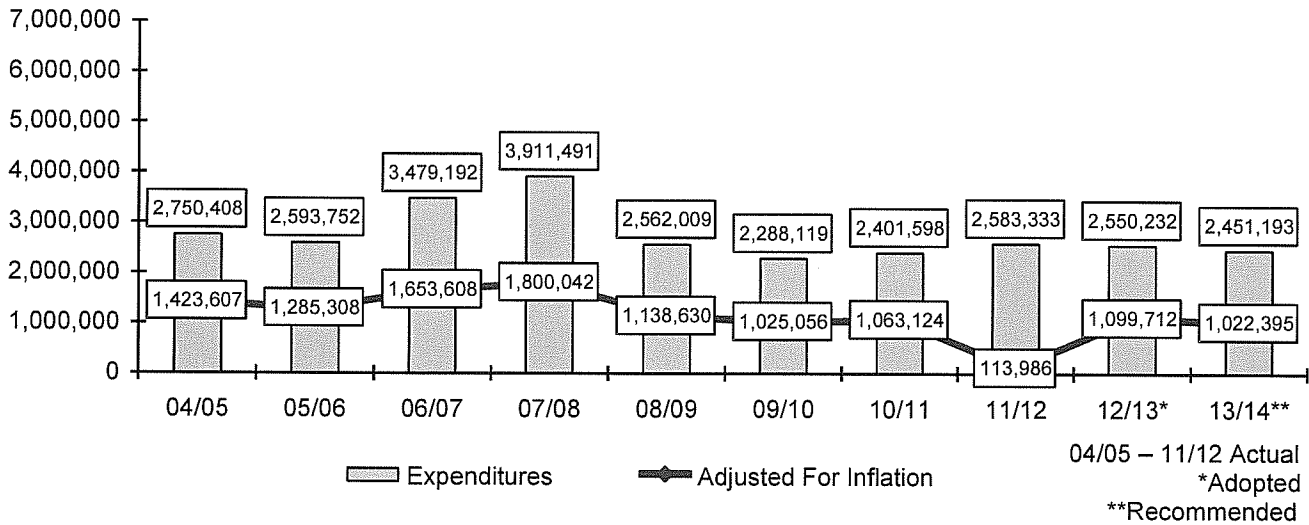
Number of Employees
(Full Time Equivalent)



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Golf Courses has a total expenditure level of \$2,451,193 and a total staffing level of 13.00 FTE to provide the following services.

Morro Bay Golf Course

Operate and maintain the Morro Bay Golf Course, which is leased from the State of California. Supervise the performance of County employees and contracted concessionaires to enhance customer satisfaction, maintain quality control, and ensure safe, cost-effective, and efficient operation of the courses. Provide affordable golf recreational options for our residents and visitors through market price analysis and customer surveys.

Total Expenditures: \$1,242,364 Total Staffing (FTE): 7.00

Chalk Mountain Golf Course

Own the Chalk Mountain Golf Course. Supervise the performance of contracted concessionaire to enhance customer satisfaction, maintain quality control, and ensure safe, cost-effective, and efficient operation of the courses. Provide affordable golf recreational options for our residents and visitors through market price analysis and customer surveys.

Total Expenditures: \$31,123 Total Staffing (FTE): 0.00

Dairy Creek Golf Course

Own, operate, and maintain the Dairy Creek Golf Course. Supervise the performance of County employees and contracted concessionaires to enhance customer satisfaction, maintain quality control, and ensure safe, cost-effective, and efficient operation of the courses. Provide affordable golf recreational options for our residents and visitors through market price analysis and customer surveys.

Total Expenditures: \$1,177,706 Total Staffing (FTE): 6.00

DEPARTMENT COMMENTS

The County operates three public golf courses open to residents and visitors alike. Morro Bay, Dairy Creek and Chalk Mountain golf courses are managed to enhance our environmental resources and offer an excellent opportunity to play three different varieties of golf courses (ocean, links, and traditional American style golf) on the Central Coast.

The local golf market has become more competitive as visiting and local golfers have become bargain shoppers. Golfers' willingness to pay has decreased and the local courses have reduced prices to compete, which has made it more difficult to manage profitable courses. Two local courses were sold this past year and the lower debt payments of the new owners are allowing their operations to better compete within our local market.

The County's courses are working hard to attain the goal of providing quality affordable golfing options for our communities. Marketing strategies are employed and constantly examined to improve our ability to attract golfers who have not visited our properties recently and to compete for tournament group revenue. Our loyalty card program, the SLO Golf Card, has exhibited steady growth over the past three years. These sales are an indication of golfers' desire to play our courses. San Luis Obispo County Golf also strives to be the industry leader as environmental stewards through efforts to make Dairy Creek Golf Course the first zero waste golf course in the world. This facility converts golf course green waste and restaurant waste into nutrient products for the golf course. These reductions in waste streams ensure a more sustainable operation and also reduce inorganic fertilizers and pesticides, which create savings. Following are some of the department's notable accomplishments for FY 2012-13 and some specific objectives for FY 2013-14.

FY 12-13 Accomplishments

- Continued improvements to financial reporting and planning tools for operations and infrastructure maintenance to increase accountability and resource management.
- Successfully hosted the Central Coast Oyster Festival a music and food event at Morro Bay that provided additional revenue and exposure for the golf course and community.
- Received a 93% combined customer satisfaction rating for all three golf courses.
- Improved aesthetics and safety at Morro Bay Golf Course with updated landscaping, asphalt sealing of clubhouse flatwork, and installed fencing.
- Provided tours and demonstrations at the zero waste park at Dairy Creek including attending as an invited speaker at the symposium on Affordable Golf in Southern Pines, North Carolina.

FY 13-14 Objectives

- Seek funding and secure permits to pursue the replacement of Morro Bay Golf Course irrigation mainline.
- Work with the Golf Course Advisory Committee and concessionaire partners to revise and update golf play policies to benefit golf customers.
- Expand marketing efforts to areas outside of the County to increase participation and revenue.
- Increase player development programs to inspire new players and increase current golfer participation.
- Expand our zero waste program to include Morro Bay Golf Course.
- Seek grant funding to increase the environmental stewardship at all three golf courses to benefit the environment and enhance County Golf's reputation as the industry leader.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

Fund Center 427 – Golf Courses, a division of the General Services Agency, is an Enterprise Fund and as such does not receive General Fund support. Enterprise funds charge user fees for their services. The State Controller's Office requires that an Operation of Enterprise Fund Schedule 11 be submitted. The format of the Schedule 11, as well as some of the data it contains, is different from how other County departments' budgets are reported. For consistency purposes, the data provided in the narrative, service programs, and 10 year expenditure chart are from the Schedule 11, including depreciation. Additionally, the narrative compares FY 2013-14 recommended estimated numbers vs. FY 2012-13 estimated year end numbers. It is important to note that the comparison of estimated amounts in the Schedule 11 differs from the comparison of amounts in General Fund budgets. General Fund budgets compare the adopted budget amount to the recommended budget amount. The Schedule 11 for internal service funds compares the estimated actual amount for FY 2012-13 to the proposed amount of new allocated expense and revenues to be budgeted for FY 2013-14.

The total recommended operating expense for this department's FY 2013-14 budget is \$2,451,193. The operating expense is \$46,675, or 2%, less than the estimated amount for FY 2012-13. Depreciation expense, a non cash expense that identifies the decline in value of capital assets, is \$372,000, or 15% of the recommended operating expense.

Recommended operating revenues for FY 2013-14 are \$2,612,899, an increase of \$66,720 or 3% over the estimated amount for FY 2012-13. The recommended budget is set at the proposed level requested by the department.

Salary and benefit accounts for FY 2013-14 are increasing by \$83,905, or 7% more than FY 2012-13 estimated amounts. The increased salary and benefit expense is related to increases in workers compensation charges and the estimated salary and benefit for FY 2012-13 being lower than originally budgeted due to savings from vacant positions.

The Schedule 11 shows the services and supplies accounts are increasing by \$22,379 or 3 % greater than the FY 2012-13 estimated amounts. The increase shown for services and supplies is partially due to the accounting rules that govern what is captured in the services and supplies accounts for the Schedule 11 format. When compared to the services and supplies amount in the adopted FY 2012-13 Golf budget, the recommended FY

Golf Courses Fiscal Year 2013-14 Proposed Budget

Fund Center 427

2013-14 services and supplies amount shows a \$121,188 or 11% decrease. The decrease is largely due to a significant decline in Countywide overhead charges.

Non-operating expenses in the recommended budget total \$184,384, a decrease of \$89,181 compared to the FY 2012-13 estimated amount. Non-operating expenses are interest paid for debt service expense associated with the Dairy Creek Golf Course. The total annual expense for debt service, not fully shown on the Schedule 11, is \$485,009. The recent refinancing of the debt service lowered the interest rate resulting in an annual savings of approximately \$64,000. Debt service for the Golf Course comprises approximately 19% of the expense for this budget. Debt service expense was originally intended to be repaid with a surcharge on fees for each round of golf played. The recommended revenue from this surcharge is \$315,664 or 65% of the amount needed to cover the debt service. Other operating revenues are providing the balance of funding to cover the debt service expense.

For the past several years, expenditures were greater than revenues and Golf has used unallocated cash within the Golf Fund to cover the gap. The recommended FY 2013-14 budget for Golf identifies that revenues are planned to be approximately \$22,000 greater than expense. The improvement in Golf's fiscal position is largely the result of a \$158,000 decline in charges for Countywide overhead which is related to onetime adjustments. Countywide overhead charges and other expenses are likely to increase in future years. Growing revenues from increased play at County golf courses will be an important factor to reduce Golf's reliance on its unallocated cash balance to cover operational expense.

The recommended budget for Golf will fund the operation of all three of the County owned golf courses and maintain services at current levels.

Golf has done a good job balancing expenditure reductions while still maintaining the courses in sound playable condition to keep and attract customers. FY 2013-14 Golf revenues are showing some rebound from the low levels reached during the height of the economic downturn. However, there is still concern that Golf faces a challenging future related to competition for customers from private courses as well as uncertainty about the future growth in new individuals who take up the sport. Golf is working to increase play at County courses through a variety of outreach and promotional efforts. The Parks budget is receiving a \$27,500 additional allocation of General Fund to market County owned recreational facilities. Golf will be able to use \$12,500 of this allocation to assist in marketing efforts to promote play at County golf courses. The success of efforts to increase revenues to cover operational expense and address maintenance and infrastructure needs is essential for Golf's long term fiscal health. County Golf has received recognition for its progressive and innovative strategies to maintain golf courses in an environmentally sensitive manner through the effort to create a zero waste golf course at Dairy Creek.

GOALS AND PERFORMANCE MEASURES

Department Goal: Provide cost-effective operations and maintenance for County golf courses to enhance recreational opportunities that meet or exceed customer expectations.

Communitywide Result Link: ☐ Safe ☒ Healthy ☒ Livable ☒ Prosperous ☒ Well-Governed Community

1. Performance Measure: Annual operating costs per golf round played at County-managed golf courses.

07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Actual Results	11-12 Adopted	11-12 Actual Results	12-13 Target
\$18.92/round	\$17.85/round	\$19.88/round	\$20.59/round	\$21.50/round	\$21.58/round	\$21.50/round

What:: The ratio of total operating expenses (salaries/benefits, services/supplies, depreciation of fixed assets) to the total number of rounds played at County-managed golf courses.

Why: This figure reflects our commitment to provide well-maintained golf courses and amenities for those who visit County golf courses. This benchmark is useful in developing the fee structure as well as assessing the value of services provided in a very competitive market.

How are we doing? County Golf results for FY 2011-12 were 0.04% above the adopted target at \$21.58 of expenses per golf round. Golf rounds finished above the targeted goal however expenses were higher than budgeted due to an unanticipated capital project. Staff is tracking expenses closely, while completing small maintenance projects that will have a positive impact on golf rounds.

Golf Courses
Fiscal Year 2013-14 Proposed Budget

Fund Center 427

2. Performance Measure: Annual operating revenue per golf round played at County-managed golf courses.

07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Actual Results	11-12 Adopted	11-12 Actual Results	12-13 Target
N/A	N/A	N/A	\$20.86	\$20.96	\$20.70	\$20.39

What: The ratio of total operating revenues (green fees, cart revenues, and miscellaneous revenue) to the total number of rounds played at County-managed golf courses.

Why: This figure reflects the perceived value (amount golfer is willing to pay) golfers hold for our golf courses. It is companion to the operating expense per round played measure and is useful in developing the fees and fee structure for future years.

How are we doing? County Golf results for FY 2011-12 were 1.2% below the adopted target with \$20.70 of revenue received for each golf round. Golf rounds exceeded the projected target, however, rounds played in discounted play categories (off-peak and sundown) were higher than anticipated. This shift in play patterns resulted in a reduced amount of revenue per golfer. Staff is placing promotions efforts to provide higher numbers of market-based fee rounds to improve the revenue per round.

3. Performance Measure: Percentage of responses to Customer Satisfaction Survey rating overall golf experience as "Satisfactory" or better.

07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Actual Results	11-12 Adopted	11-12 Actual Results	12-13 Target
77%	88%	86.5%	79.4%	85%	91%	85%

What: An annual customer survey is conducted of those who play golf on County managed golf courses. This survey measures customer satisfaction with their recreation experience. The level of golfers' satisfaction is directly linked to the likelihood that they will recommend the course to a friend and play more frequently.

Why: Efforts to set appropriate fees and provide quality, safe facilities affects the satisfaction of our customers and golfers' perceptions of the value of our products. Periodic surveying of customers helps staff measure golfers' opinions and allows an avenue for their input to improve our courses.

How are we doing? Approximately 1,700 golf customers were surveyed through e-mail with a response rate of 1195. The actual performance for FY 2011-12 was 6% above the adopted target with 91% of customers expressing Satisfied or better. For the previous 5 years customers were surveyed using the National Golf Foundation's survey program. This fiscal year the surveys were performed internally in an effort to reduce costs and to have better control of when and how the surveys were administered. The surveys were linked to Golf's Point of Sale System and based upon the numbers of players per day, surveys were sent randomly from November 2011 – March 2012. Deferred maintenance at each of our three courses may prevent ratings to reach significantly higher than the existing level.

Department Goal: Increase the number of golf rounds played on an annual basis.

Communitywide Result Link: ☐ Safe ☒ Healthy ☒ Livable ☒ Prosperous ☒ Well-Governed Community

4. Performance Measure: The total number of golf rounds played at County-managed golf courses.

07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Actual Results	11-12 Adopted	11-12 Actual Results	12-13 Target
152,695	142,563	128,722	124,908	120,000	129,242	127,500

What: This measurement examines the total number of rounds played at all three County golf courses relative to the prior year.

Why: The ultimate measure of success for our golf program is reflected in the volume of play we can attract in this very competitive golf market. While golf rounds played are subject to the negative impacts of weather and the general economy, the total rounds played reflects the perceived value of golf experienced on our courses and indicates the numbers of persons taking part in healthy, active recreation.

How are we doing? County Golf results for FY 2011-12 were 7.7% above the adopted target with combined 129,242 rounds played at the three courses. This improved performance is attributed to the success of marketing and promotional efforts such as special tournament rates, women's golf month, active military and student promotions. SLO Golf Card sales also increased 6.7% from the previous year. Each SLO Golf Card sold indicates a golfer that is committed to playing our three courses throughout the year.